

**CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana**

Annual Financial Statements

**As of and for the Year Ended
December 31, 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/13/09

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana

Annual Financial Statements
As of and for the Year Ended December 31, 2008

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M. CARLEEN DUMAS
CERTIFIED PUBLIC ACCOUNTANT
369 DONALDSON ROAD. CALHOUN, LOUISIANA 71225. TELEPHONE 318/644-5726

Independent Accountant's Report

BOARD OF COMMISSIONERS
CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana

I have reviewed the accompanying financial statements of the business-type activities of the Consolidated Water District No. 2 of Morehouse Parish, a component unit of the Morehouse Parish Police Jury, as of and for the year ended December 31, 2008. These financial statements are the responsibility of the management of the Consolidated Water District No. 2 of Morehouse Parish.

My review was conducted in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. A review consists principally of inquiries of District's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report dated April 22, 2009, on the results of my agreed-upon procedures.

The management's discussion and analysis on pages 3 through 5 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board (GASB). Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.

/s Carleen Dumas
Calhoun, Louisiana
April 22, 2009

Member of the American Institute of Certified Public Accountants
Member of the Society of Louisiana Certified Public Accountants

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2008

Our discussion and analysis of Consolidated Water District No. 2 of Morehouse Parish's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2008. Please read it in conjunction with the District's financial statements that begin on page 7.

BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of :

- a. Management's discussion and analysis (MD&A)
- b. Statement of net assets
- c. Statement of revenues, expenses, and changes in net assets
- d. Statement of cash flows
- e. Notes to the financial statements
- f. RSI other than MD&A, if applicable

The District is a special-purpose government engaged only in business-type activities.

Enterprise Fund Financial Statements

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets provide information in a way that shows the change in the District's financial condition resulting from the current year's activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and the changes in them. Net assets - the difference between assets (what the District owns) and liabilities (what the District owes) is a way to measure the financial position of the District. Over time, increases or decreases in the District's net assets are an indicator of whether the District's financial position is improving or deteriorating.

CONSOLIDATED WATER DISTRICT NO. 2
 OF MOREHOUSE PARISH
 Bastrop, Louisiana
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended December 31, 2008

The Statement of Cash Flows provides information on the changes in cash during the year. This statement reports the net cash provided or used by operating activities, capital and related financing activities, and investing activities.

**COMPARATIVE ANALYSIS OF
 FINANCIAL DATA**

The District's total net assets increased by \$47,008 during 2008. Operating revenues decreased \$4,861 from the previous year. Operating expenses decreased \$8,655 but the district incurred \$37,597 of expenses in connection with a line relocation project on Highway 425. The following presents an analysis of net assets and changes in net assets of the District's business-type activities:

	BUSINESS-TYPE ACTIVITIES	
	<u>2008</u>	<u>2007</u>
Assets		
Current assets	\$913,124	\$843,547
Restricted assets	42,808	43,252
Capital assets	<u>207,930</u>	<u>227,100</u>
Total assets	<u>1,163,862</u>	<u>1,113,899</u>
Liabilities		
Current liabilities	53,017	50,062
Long-term liabilities	<u>NONE</u>	<u>NONE</u>
Total liabilities	<u>53,017</u>	<u>50,062</u>
Net Assets		
Invested in capital assets	207,930	227,100
Unrestricted	<u>902,915</u>	<u>836,737</u>
Total net assets	<u>1,110,845</u>	<u>1,063,837</u>
Operating revenues	311,613	316,474
Operating expenses	(248,286)	(256,941)
Non-operating revenues (expenses)	<u>(16,319)</u>	<u>35,819</u>
Change in net assets	47,008	95,352
Net assets - beginning	<u>1,063,837</u>	<u>968,485</u>
Net assets - ending	<u>\$1,110,845</u>	<u>\$1,063,837</u>

OVERALL FINANCIAL POSITION

Unrestricted net assets (those assets available to finance the daily operations of the district) were \$902,915 at year end. The amount invested in capital assets was \$207,930 at year end.

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2008

CAPITAL ASSETS

At the end of the year, the District had capital assets (net of accumulated depreciation) totaling \$207,930. Capital assets include land, the water system, tanks, and wells, buildings, and equipment costing \$500 or more. During 2008, the District received a donation of a line extension in Parkplace Subdivision. The estimated fair value of the donated line was \$4,116. Additional information about the District's capital assets is presented in Note 4 to the financial statements.

ECONOMIC FACTORS

In April 2008, the District entered into an agreement with the Louisiana Department of Transportation and Development (DOTD) for the relocating of some of its water lines along Highway 425. The original agreement provided that the District would be financially responsible for the total cost of the project which is estimated to be \$481,313. In August 2008, the District was notified by DOTD that its share of the cost for this relocation project has been reduced to \$160,000 plus any betterments which are estimated to be approximately \$40,205. Any costs exceeding \$160,000 plus the betterments will be reimbursed 100% by DOTD. The district incurred \$37,597 in costs related to the line relocation project during 2008 with the remainder expected to be incurred during 2009. All other operating revenues and expenses are expected to remain fairly constant for 2009.

BASIC FINANCIAL STATEMENTS

Statement A

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana

STATEMENT OF NET ASSETS
December 31, 2008

ASSETS

Current assets:

Cash	\$615,072
Investments - certificates of deposit	257,312
Receivables	26,522
Inventory	<u>14,218</u>
Total current assets	<u>913,124</u>

Noncurrent assets:

Restricted cash	42,808
Property, plant and equipment (net of accumulated depreciation)	<u>207,930</u>
Total noncurrent assets	<u>250,738</u>
Total assets	<u><u>1,163,862</u></u>

LIABILITIES

Current liabilities:

Accounts payable	4,888
Payroll withholdings payable	4,124
Sales taxes payable	190
Sewer fees payable	1,155
Customer deposits	<u>42,660</u>
Total current liabilities	<u>53,017</u>

NET ASSETS

Invested in capital assets	207,930
Unrestricted	<u>902,915</u>
Total net assets	<u><u>\$1,110,845</u></u>

See accompanying notes and accountant's report.

Statement B

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
For the Year Ended December 31, 2008

OPERATING REVENUES	
Water sales	\$288,336
Safe drinking water fee	4,111
Installation and connection fees	13,970
Sewer collection fee	2,100
Other operating revenue	3,096
Total operating revenues	<u>311,613</u>
OPERATING EXPENSES	
Salaries	110,023
Commissioners per diem	4,200
Payroll tax expense	10,481
Workers compensation insurance	4,933
Employees health insurance	19,037
Maintenance expense	18,424
Auto fuel and maintenance	7,733
Office expense	4,159
Utilities and telephone	20,274
Insurance	14,077
Legal and accounting	1,641
Postage	2,916
Chemical treatment	965
Dues and memberships	1,275
Taxes, licenses, and permits	4,231
Depreciation	23,286
Other operating expenses	631
Total operating expenses	<u>248,286</u>
OPERATING INCOME	<u>63,327</u>
NON-OPERATING REVENUES	
Interest income	17,162
Line donation	4,116
Line relocation expenses	(37,597)
Total non-operating revenues	<u>(16,319)</u>
INCREASE IN NET ASSETS	47,008
NET ASSETS - BEGINNING	<u>1,063,837</u>
NET ASSETS - ENDING	<u><u>\$1,110,845</u></u>

See accompanying notes and accountant's report.

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$308,444
Payments to suppliers	(105,737)
Payments to employees and board	(114,223)
Net cash provided by operating activities	<u>88,484</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Line relocation expense	(37,597)
Decrease in restricted cash	444
Net cash used by capital and related financing activities	<u>(37,153)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	17,162
Increase in investments	(9,566)
Net cash provided by investing activities	<u>7,596</u>

NET INCREASE IN CASH 58,927

CASH AT BEGINNING OF YEAR 556,145

CASH AT END OF YEAR \$615,072

Reconciliation of Operating Income to Net Cash**Provided by Operating Activities**

Operating Income	<u>\$63,327</u>
Adjustments:	
Depreciation	23,286
Increase in accounts receivable	(3,169)
Decrease in inventory	2,282
Increase in accounts payable	1,263
Increase in taxes and payroll withholdings payable	1,510
Decrease in sewer fees payable	(15)
Total adjustments	<u>25,157</u>
Net cash provided by operating activities	<u><u>\$88,484</u></u>

See accompanying notes and accountant's report.

**CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana**

Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

INTRODUCTION

Consolidated Water District No. 2 of Morehouse Parish was created by the Morehouse Parish Police Jury as authorized by Louisiana Revised Statute 33:3811 for the purpose of supplying safe drinking water to the population of the district. The district is governed by a five member board of commissioners appointed by the police jury. Consolidated Water District No. 2 of Morehouse Parish commissioners receive \$60 per meeting attended. The district serves approximately 1,144 customers and has four employees.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, Consolidated Water District No. 2 of Morehouse Parish is considered a component unit of the Morehouse Parish Police Jury. As a component unit, the accompanying financial statements may be included within the reporting of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statements

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of :

1. Management's discussion and analysis (MD&A)
2. Statement of net assets
3. Statement of revenues, expenses, and changes in net assets
4. Statement of cash flows
5. Notes to the financial statements
6. RSI other than MD&A, if applicable

The Consolidated Water District No. 2 of Morehouse Parish is a special-purpose government engaged only in business-type activities.

See accountant's report.

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Notes to the Financial Statements

**B. Measurement Focus, Basis of Accounting, and
Financial Statement Presentation**

Enterprise fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. Consolidated Water District No. 2 of Morehouse Parish has elected not to follow subsequent private-sector guidance.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of Consolidated Water District No. 2 of Morehouse Parish are water sales, safe drinking water fee, installation and connection fees, and other operating income. Operating expenses for enterprise funds include the costs of the services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Deposits and Investments

Cash and restricted cash includes amounts in interest-bearing demand deposits. State law allows the district to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At December 31, 2008, the district's investments consist of a nonnegotiable certificate of deposit with an original maturity that exceeds 90 days that is reported in the accompanying financial statements at cost.

D. Receivables

These statements contain no provision for uncollectible accounts. The district is of the opinion that such an allowance would be immaterial in relation to the financial statements taken as a whole.

See accountant's report.

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Notes to the Financial Statements

E. Inventory

Inventory consists of parts and expendable supplies and is recorded as an expense when consumed. Inventory is valued at market, which approximates cost.

F. Restricted Assets

Certain resources set aside for the refunding of customer meter deposits are classified as restricted assets on the balance sheet because their use is limited.

G. Capital Assets

Capital assets, which include land, the water system, tanks, wells, buildings, and equipment are reported in the enterprise fund financial statements. Capital assets purchased by the district are capitalized at historical cost. Donated capital assets are recorded at fair market value on the date of donation. The Consolidated Water District No. 2 of Morehouse Parish maintains a threshold level of \$500 or more and an estimated useful life of five years or more for capitalizing assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Water systems, tanks, and wells	11- 40 years
Buildings and equipment	3-20 years

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

See accountant's report.

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Notes to the Financial Statements

2. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2008, the district has cash, restricted cash, and investments (book balances) as follows:

Petty cash	\$200
Interest bearing checking accounts	657,680
Investments - certificates of deposit	<u>257,312</u>
Total	<u>\$915,192</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2008, the Consolidated Water District No. 2 of Morehouse Parish has \$917,292 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$1,181,492 of pledged securities held by the custodial bank in the district's name.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent bank has failed to pay deposited funds upon demand.

3. RECEIVABLES

At December 31, 2008, the district has net receivables of \$26,522 as follows:

Water sales	\$26,522
Allowance for uncollectible accounts	<u>NONE</u>
Net receivables	<u>\$26,522</u>

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2008, is as follows:

See accountant's report.

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Notes to the Financial Statements

	Balance at January 1, 2008	Increases	Decreases	Balance at December 31, 2008
Capital assets not being depreciated:				
Land	<u>\$1,000</u>	<u>NONE</u>	<u>NONE</u>	<u>\$1,000</u>
Capital assets being depreciated:				
Water system, tanks, and wells	<u>\$653,443</u>	<u>\$4,116</u>		<u>\$657,559</u>
Buildings and equipment	<u>136,071</u>			<u>136,071</u>
Total capital assets being depreciated	<u>789,514</u>	<u>4,116</u>	<u>NONE</u>	<u>793,630</u>
Less accumulated depreciation for:				
Water system, tanks, and wells	<u>455,653</u>	<u>13,457</u>		<u>469,110</u>
Buildings and equipment	<u>107,761</u>	<u>9,829</u>		<u>117,590</u>
Total accumulated depreciation	<u>563,414</u>	<u>23,286</u>	<u>NONE</u>	<u>586,700</u>
Total assets being depreciated, net	<u>\$226,100</u>	<u>(\$19,170)</u>	<u>NONE</u>	<u>\$206,930</u>

Depreciation expense of \$23,286 for the year ended December 31, 2008 was reported in the statement of revenues, expenses, and changes in net assets.

4. DESIGNATED NET ASSETS

In April 2008, the board of commissioners designated approximately \$630,000 of its funds for future capital improvements and to maintain a reserve for at least one year of operating expenses.

5. RISK MANAGEMENT

The district purchases commercial insurance to reduce the risk of loss resulting from property damage or liability claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

See accountant's report.

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Notes to the Financial Statements

6. UTILITY RELOCATION AGREEMENT

In April 2008, the district entered into an agreement with the Louisiana Department of Transportation and Development (DOTD) to relocate the district's water lines that are located within the limits of a road construction project. The estimated cost of the project is \$481,313. In August 2008, the district was informed that they would be financially responsible for \$160,000 of the cost plus any betterments estimated at \$40,205. Any costs exceeding \$160,000 plus the betterments will be reimbursed 100% by DOTD. As of December 31, 2008, the district has paid \$37,597 of the cost of the line relocation project.

See accountant's report.

SUPPLEMENTAL INFORMATION SCHEDULES

See accountant's report.

**CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana**

**SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended December 31, 2008**

COMPENSATION PAID COMMISSIONERS

The schedule of compensation paid to commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As provided by Louisiana Revised Statute 33:3819, Consolidated Water District No. 2 of Morehouse Parish commissioners receive \$60 per meeting attended.

STATUS OF PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in Schedule 2.

**CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN**

The corrective action plan for current year findings is presented in Schedule 3.

See accountant's report.

Schedule 1

**CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana**

**SCHEDULE OF COMPENSATION PAID COMMISSIONERS
For the Year Ended December 31, 2008**

Derrell Bray	\$840
Douglas Goyne	780
Bud Morrison	900
Eddie Potter	780
Wyatt Smith	<u>900</u>
Total	<u><u>\$4,200</u></u>

See accountant's report.

Schedule 2

**CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana**

**STATUS OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2008**

<u>Reference Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Planned Corrective Action</u>
Procedure 11	2007	Retroactive salary increases for employees.	Yes	N/A

See accountant's report.

Schedule 3

**CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana**

**CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2008**

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
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There were no current year findings.

See accountant's report.

**Independent Accountant's Report on Applying
Agreed-Upon Procedures**

The following independent accountant's report on applying agreed upon procedures is presented in compliance with the requirements of the *Louisiana Governmental Audit Guide* and the *Louisiana Attestation Questionnaire*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

**M. CARLEEN DUMAS
CERTIFIED PUBLIC ACCOUNTANT
369 DONALDSON ROAD. CALHOUN, LOUISIANA 71225. TELEPHONE 318/644-5726**

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

BOARD OF COMMISSIONERS
CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Consolidated Water District No. 2 of Morehouse Parish and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the district's compliance with certain laws and regulations during the year ended December 31, 2008 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

A review was made of all disbursements for the year. There were no disbursements for materials and supplies that exceeded \$20,000 nor any disbursements for public works exceeding \$100,000 made during the year.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

**Member of the American Institute of Certified Public Accountants
Member of the Society of Louisiana Certified Public Accountants**

Consolidated Water District No. 2
of Morehouse Parish
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2008

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of the employees included in the listing obtained from management in procedure number 3 above were also included in the listing obtained from management in procedure number 2 above as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) were included on the listing obtained from management in agreed-upon procedure (2) as an immediate family member.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

The district is not legally required to adopt a budget.

6. Trace the budget adoption and amendments to the minute book.

See procedure 5.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

See procedure 5.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and;
- (a) trace payments to supporting documentation as to correct amount and payee;
 - (b) determine if payments were properly coded to the correct fund and general ledger account;
 - (c) determine whether payments received approval from proper authorities.

Consolidated Water District No. 2
of Morehouse Parish
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2008

An examination of six randomly selected disbursements disclosed the following:

- (a) The six selected disbursements were properly supported by adequate documentation.
- (b) The six selected payments were properly coded to the correct fund and general ledger account.
- (c) The six selected payments received approval from the proper authorities.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-12 (the opening meetings law).

The agenda and public notices for meetings were posted and published as required by LSA-RS 42:7.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I examined all deposits for the period under examination and noted no proceeds that appeared to be from bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the board meetings and an examination of payroll records indicated no payments which may constitute bonuses, advances, or gifts.

Consolidated Water District No. 2
of Morehouse Parish
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2008

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Consolidated Water District No. 2 of Morehouse Parish and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

/s Carleen Dumas
Calhoun, Louisiana
April 22, 2009

Louisiana Attestation Questionnaire

The accompanying *Louisiana Attestation Questionnaire* has been completed by management and is included in this report as required by the *Louisiana Governmental Audit Guide*.

M. Carleen Dumas, CPA
369 Donaldson Road
Calhoun, LA 71225

Mrs. Dumas,

In connection with your review of our financial statements as of December 31, 2008 and for the year then ended, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on information available to us as of 2-10-09.

PUBLIC BID LAW

1. It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes ☒ No ☐ N/A ☐

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone which would constitute a violation of LSA-RS 42:1101-1124.

Yes ☒ No ☐ N/A ☐

3. It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980 under circumstances which would constitute a violation of LSA-RS 42:1119.

Yes ☒ No ☐ N/A ☐

BUDGETING

4. We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes ☒ No ☐ N/A ☐

ACCOUNTING AND REPORTING

5. All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐ N/A ☐

6. We have filed our annual financial statements in accordance with LSA-RS 24:514, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable.

Yes ☒ No ☐ N/A ☐

7. We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes ☒ No ☐ N/A ☐

MEETINGS

8. We have complied with the provisions of the Opening Meetings Law, LSA-RS 42:1-12.

Yes ☒ No ☐ N/A ☐

DEBT

9. It is true that we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60 - 1410.65.

Yes ☒ No ☐ N/A ☐

ADVANCES AND BONUSES

10. It is true that we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes ☒ No ☐ N/A ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

/s/ Wyatt Smith
Name

2-10-09
Date